



## Target Is Growing — And for Canadian Retailers, Things Go From Bad to Worse

### Description

*By Cameron Conway*

The battle for retail/grocery supremacy in Canada is on.

Last week, I wrote about how [Amazon.ca's expansion into groceries and dry goods](#) spelled trouble for Canadian retailers. The competition got even fiercer when on November 13, the doors opened at 31 new **Target Canada** ([NYSE:TGT](#)) locations across the country ([see list here](#)).

These 31 openings, plus another two scheduled for this Friday, will bring the total of Target Stores in Canada to 124, meeting the company's expansion "target" for 2013. Target originally purchased 220 locations from **Hudson's Bay**, and has leased 39 locations to **Wal-Mart** ([NYSE:WMT](#)). That leaves a potential of 57 more locations to come in 2014.

### The big squeeze

These new openings come not long after major grocery chains **Loblaw** ([TSX:L](#)) and **Metro** ([TSX:MRU](#)) posted rather unpleasant news concerning their last quarters.

Loblaw's net earnings decreased to \$154 million (\$0.55 per share), from \$217 million (\$0.77 per share) in 2012. Even an increase in per-store revenue and \$100 million of cost-cutting this year was not enough.

Metro's fourth-quarter profit dropped 40%, falling all the way to \$83.6 million (\$0.88 per share), from \$145 million (\$1.46 per share) in the same quarter last year.

This battle of attrition has even taken its toll on Wal-Mart Canada. Even though its market share in the grocery section grew 1% during the same period, third-quarter sales fell 1.3%. Customer traffic dropped 1.5%.

### The checkout aisle

Even with a [low customer satisfaction ranking](#), Target is having an effect on the Canadian retail and grocery markets. The company's size and speed of growth is causing competitors to take notice — in

the form of lower prices and cost-cutting.

With Loblaw, Metro, [Sobeys](#), Target, **Costco**, Wal-Mart, and even Amazon all battling it out for retail dollars, consumers should win big. But for investors in this sector, this may well feel more like a trench war.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. NYSE:TGT (Target Corporation)
2. NYSE:WMT (Wal-Mart Stores Inc.)
3. TSX:L (Loblaw Companies Limited)
4. TSX:MRU (Metro Inc.)

## Category

1. Investing

## Date

2025/08/27

## Date Created

2013/11/18

## Author

motley-fool-staff

default watermark

default watermark